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HEADLINE: CHINA DAILY): EX-MICROSOFT EXECUTIVE CAN RECRUIT FOR GOOGLE

BODY:

Google Inc, the most-used Internet search engine, has won a court ruling that allows a former Microsoft Corp executive to recruit staff for Google's research centre in Beijing.

Both sides claimed victory following Washington Judge Steven Gonzalez's ruling in Seattle on Tuesday that also says the executive, Lee Kai-Fu, can't perform certain other tasks at the planned Google facility, such as working on technical research and development or setting budgets and compensation. In July Google hired Lee, a former Microsoft vice-president, to open the research centre.

The case produced documents in which Google claimed Microsoft Chairman Bill Gates and Chief Executive Steve Ballmer used at times profane criticism of Google and Lee, which underscored the personal nature of the companies' battle for a global audience using their Internet search engines.

"Google gets what it wants immediately, and in the long run Google gets a very smart and experienced employee," said Matt Rosoff, an analyst at Directions on Microsoft, in Kirkland, Washington, who doesn't own shares in either company. "I think the larger issue is Microsoft is losing some high-profile employees, and some of them are going to Google." In July, Gonzalez granted Microsoft a temporary order that required Lee, 43, to honour a non-compete agreement he signed with Microsoft and blocked him from opening Google's research centre. Tuesday's ruling extends through a scheduled trial in January.

"Microsoft has not sufficiently shown that it has a clear legal or equitable right" to stop Lee "from establishing and staffing a Google development facility in China," Gonzalez wrote.

Microsoft Vice-President Tom Burt said the company was satisfied with the ruling because it scales back Lee's responsibilities from what Google said he'd do when it announced his hiring in July.

While Lee can recruit for Google, Burt said, Gonzalez's order prohibits him from working on Internet or mobile search technologies and computerized speech recognition at Mountain View, California-based Google while the one-year non-compete clause remains in effect.

"Basically his job is being reduced to a HR manager and site manager," Burt said, referring to Lee's job of picking a location for Google's facility. "You don't pay someone US\$ 10 million over four years to interview students and lease some property." Lee plans on going to China for Google "very soon," Google spokesman Steve Langdon said.

"Starting today I have the green light to do what I wanted to do," Lee said following Tuesday's hearing. The ruling "allows me to do my job." Burt said the judge concluded Lee "misled Microsoft about his intention to return" after a summer sabbatical. Gonzalez also found that Lee improperly disclosed confidential information to Google while he was still working at Microsoft, Burt said.

Anthony Oncidi, an employment lawyer at Proskauer Rose in Los Angeles, said Lee's value to Google under the restrictions of Gonzalez's order "is something that only Google knows the answer to." "I think that Google hired Lee

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not only to recruit – I'm sure that was part of it – but to work on research and development," said Oncidi, who isn't involved in the case. "That was at least a major part of what they were expecting to get from him." Google hired Lee, a former assistant professor of computer science at Carnegie Mellon University, in July to open its Chinese research and development centre before next month. Lee, who was born in Taiwan and raised in Tennessee, was hired to be president of Google's Chinese operations.

Google's lawyer, John Keker, of Keker & Van Nest in San Francisco, proposed that Lee wouldn't work in technical areas, especially in Lee's expertise of language recognition.

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